

**Re: LOSAP and Consumer Price Index**

The Division of Local Government Services is in receipt of your correspondence regarding clarification as to whether the fire district can amend its ordinance to include the cost of living increase if the original ordinance establishing the LOSAP did not provide for the annual increase. Further, you asked for clarification on when the cost of living increase could be applied.

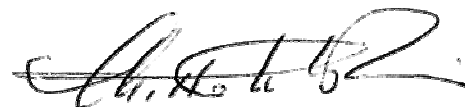
The Division is pleased to assist you on these matters. Please be aware however, as an administrative agency, the Division of Local Government Services is not authorized to provide legal advice. Rather, we are offering to provide you with direction in helping you to interpret the LOSAP law.

Our advice is that to provide for the annual CPI adjustment, the governing body of the sponsoring agency may at its discretion amend the ordinance to provide for it. Such an amendment shall not require approval by the voters, but shall be subject to a public hearing and a public notice. The increase will be operative for the subsequent program year. If the sponsoring agency provides for the CPI in this manner it will need to take these actions on an annual basis or each time the CPI adjustment is provided for. A copy of the amended ordinance shall be filed with the Division. The cost of living increase can be applied to the maximum contribution amount.

Finally, you inquired as to whether the right to receive contributions for past service is a contractual right that survives the retirement of the volunteer. Pursuant to P.L. 1997, c. 388, prior service credit may be granted to the *active* volunteer over as many years as deemed appropriate by the sponsoring agency, except that the total amount contributed in any one year shall not exceed the maximum amount allowed by law to be contributed by a sponsoring agency. Therefore, payments for prior service credit would not apply to those volunteers that have retired.

Should you have any questions, please contact Soyini Wilson at (609) 984-2105 or by email at [swilson@dca.state.nj.us](mailto:swilson@dca.state.nj.us).

Sincerely,

A handwritten signature in black ink, appearing to read 'M. U. Watkins', written in a cursive style.

Matthew U. Watkins, Director  
Division of Local Government Services

MUW:SW